

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S COMBINED FINAL REPORT REGARDING
THOSE FEE APPLICATIONS WITH NO FEE OR EXPENSE ISSUES
FOR THE NINETEENTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding all the Interim Fee Applications of those firms for which we have no fee or expense issues for the Nineteenth Interim Quarterly Period (collectively referred to hereafter as the "Applications").

BACKGROUND

1. Anderson Kill & Olick, P.C., ("AKO") was retained as special insurance counsel to the official committee of asbestos personal injury claimants. In the Application, AKO seeks approval of fees totaling \$7,283.00 and costs totaling \$129.06 for its services from October 1, 2005, through December 31, 2005.

2. David T. Austern ("Austern") was retained as representative to the Future Claimants. In the Application, Austern seeks approval of fees totaling \$3,900.00 and costs totaling \$0.00 for his services from October 1, 2005, through December 31, 2005.

3. Beveridge & Diamond, P.C. (Beveridge) was retained as special counsel to the Debtors. In the Application, Beveridge seeks approval of fees totaling \$65,800.00 and costs totaling

\$1,703.05 for its services from October 1, 2005, through December 31, 2005.

4. Bankruptcy Management Corporation (BMC) was retained as Claims Reconciliation and Solicitation Consultant to the Debtors. In the Application, BMC seeks approval of fees totaling \$301,963.67 and costs totaling \$8,781.14 for its services from October 1, 2005, through December 31, 2005.

5. Campbell & Levine LLC (“Campbell”) was retained as counsel to the official committee of asbestos personal injury claimants. In the Application, Campbell seeks approval of fees totaling \$108,413.50 and costs totaling \$31,219.94 for its services from October 1, 2005, through December 31, 2005.

6. Capstone Corporate Recovery, LLC (“Capstone”) was retained as financial advisors to the Official Committee of Unsecured Creditors. In the Application, Capstone seeks approval of fees totaling \$335,823.00 and costs totaling \$2,808.92 for its services from October 1, 2005, through December 31, 2005.

7. Casner & Edwards, LLP (“Casner”) was retained as special litigation counsel to the Debtors. In the Application, Casner & Edwards seeks approval of fees totaling \$149,874.00 and expenses totaling \$44,228.87 for its services from October 1, 2005, through December 31, 2005.

8. CIBC World Markets Corp. (“CIBC”) was retained as financial advisor to David T. Austern, Future Asbestos Claimants Representative. In the Application, CIBC seeks approval of fees totaling \$75,000.00 and costs totaling \$477.63 for its services from October 1, 2005, through December 31, 2005 (the “Application Period”).¹

¹We note that on September 27, 2004, the Court entered an order authorizing David T. Austern as Future Asbestos Claimants Representative to employ CIBC as financial advisor effective nunc pro tunc as of June 4, 2004. As part of the Retention Order, CIBC sought monthly fees of \$150,000.00. We note that in accordance with a new

9. Duane Morris LLP (“Duane Morris”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Duane Morris seeks approval of fees totaling \$51,287.00 and costs totaling \$2,277.70 for its services from October 1, 2005, through December 31, 2005.

10. Ferry, Joseph & Pearce, P.A. (“Ferry Joseph”) was retained as counsel to the Official Committee of Asbestos Property Damage Claimants. In the Application, Ferry Joseph seeks approval of fees totaling \$71,624.00 and costs totaling \$8,222.53 for its services from October 1, 2005 through December 31, 2005.

11. Foley Hoag LLP (Foley Hoag) was retained as special environmental counsel to the debtor. In the Application, Foley Hoag seeks approval of fees totaling \$82,934.50 and costs totaling \$412.63 for its services from October 1, 2005 through December 31, 2005.

12. Hamilton, Rabinovitz & Alschuler, Inc. (“HRA”) was retained as consultants to the Official Committee of Asbestos Property Damage Claimants. In the Application, HRA seeks approval of fees totaling \$9,505.00 and costs totaling \$0.00 for its services from October 1, 2005, through December 31, 2005.

13. Hilsoft Notifications (“Hilsoft”) was retained as consultants to The Official Committee of Asbestos Property Damage Claimants. In the Application, Hilsoft seeks approval of fees totaling \$20,571.25 and costs totaling \$269.06 for its services from October 1, 2005, through

Supplemental Application, effective December 1, 2004, CIBC has reduced its monthly fees to \$100,000.00. Terms of this engagement agreement were approved by the Court March 14, 2005. On June 27, 2005, the Court authorized an extension to the terms of the engagement agreement. We also note that CIBC is further reducing its fees during this Application Period. CIBC is requesting fees in the amount of \$25,000.00 per month. Thus CIBC is requesting fees in the total amount of \$75,000.00 for the Application Period. Over the three months of this Application Period, CIBC submitted hours of service for an effective hourly rate of \$318.47.

December 31, 2005.

14. Klett Rooney Lieber & Schorling (“Klett Rooney”) was retained as co-counsel to the Official Committee of Equity Holders. In the Application, Klett Rooney seeks approval of fees totaling \$62,973.50 and costs totaling \$639.67 for its services from October 1, 2005, through December 31, 2005.

15. Kramer, Levin, Naftalis & Frankel, L.L.P. (“Kramer Levin”) was retained as counsel to the official committee of equity holders. In the Application, Kramer Levin seeks approval of fees totaling \$75,544.50 and costs totaling \$2,953.30 for its services from October 1, 2005, through December 31, 2005.

16. Legal Analysis Systems, Inc. (“LAS”) was retained as asbestos-related bodily injury consultant to the Official Committee of Asbestos Personal Injury Claimants. In the Application, LAS seeks approval of fees totaling \$39,142.50 and costs totaling \$0.00 for its services from October 1, 2005, through December 31, 2005.

17. Nelson Mullins Riley & Scarborough, LLP (“Nelson Mullins”), was retained as special litigation and environmental counsel for the Debtors. In the Application, Nelson Mullins seeks approval of fees totaling \$14,137.50 and costs totaling \$77.81 for its services from October 1, 2005, through December 31, 2005.

18. Darrell Scott of The Scott Law Group is counsel to Marco Barbanti (“Barbanti”), a member of the Official Committee of Asbestos Property Damage Claimants (the “Committee”). In the Application, Scott seeks approval of costs totaling \$1,479.12 for reimbursement of expenses incurred between October 1, 2005 and December 31, 2005.

19. Pachulski, Stang, Ziehl, Young, Jones & Weintraub P.C. (“Pachulski”) was retained

as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$124,109.00 and costs totaling \$190,883.70 for its services from October 1, 2005, through December 31, 2005.

20. Phillips, Goldman & Spence, P.A. (“PG&S”) was retained as local counsel to David T. Austern, Future Claimants’ Representative. In the Application, PG&S seeks approval of fees totaling \$23,140.50 and costs totaling \$153.38 for its services from October 1, 2005, through December 31, 2005.

21. Protiviti, Inc. (Protiviti) was retained as Sarbanes Oxley compliance advisors for the Debtors. In the Application, Protiviti seeks approval of fees totaling \$78,886.00 and expenses totaling \$8,657.24 for its services from October 1, 2005, through December 31, 2005.

22. PricewaterhouseCoopers LLP (“PwC”) was retained as independent accountants and auditors for the Debtors and Debtors in Possession. In the Application, PwC seeks approval of fees totaling \$825,069.35 and costs totaling \$58,171.30 for its services from October 1, 2005, through December 31, 2005.

23. Reed Smith LLP (“Reed Smith”) was retained as special asbestos products liability defense counsel to the Debtors. In the Application, Reed Smith seeks approval of fees totaling \$306,678.00 and costs totaling \$14,008.71 for its services from October 1, 2005, through December 31, 2005.

24. Steptoe & Johnson, LLP (“Steptoe”) was retained as special tax counsel to the Debtors. In the Application, Steptoe seeks approval of fees totaling \$13,141.00 and costs totaling \$102.09 for its services from October 1, 2005, through December 31, 2005.

25. L. Tersigni Consulting P.C. (“Tersigni”) was retained as accountant and financial

advisor for the official committee of asbestos personal injury claimants. In the Application, Tersigni seeks approval of fees totaling \$274,706.00 and costs totaling \$597.51 for its services from October 1, 2005, through December 31, 2005.

26. Towers Perrin Tillinghast (Towers Perrin) was retained as actuarial consultants to David T. Austern, Future Claimants Representative. In the Application, Towers Perrin seeks approval of fees totaling \$12,740.50 and costs totaling \$2,246.00 for its services from October 1, 2005 through December 31, 2005.

27. Woodcock Washburn LLP ("Woodcock") was retained as special litigation counsel to the Debtor. In the Application, Woodcock seeks approval of fees totaling \$66,606.50 and costs totaling \$3,330.63 for its services from October 1, 2005, through December 31, 2005.

28. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

DISCUSSION

29. We have no objections to, or issues with any of the Applications.

CONCLUSION


30. Thus for the period of July 1, 2005, through September 30, 2005 we recommend approval of all fees and expenses for the following applicants:

- a. AKO - fees totaling \$7,283.00 and costs totaling \$129.06.
- b. Austern - fees totaling \$3,900.00 and costs totaling \$0.00.
- c. Beveridge - fees totaling \$65,800.00 and costs totaling \$1,703.05.
- d. BMC - fees totaling \$301,963.67 and costs totaling \$8,781.14.
- e. Campbell - fees totaling \$108,413.50 and costs totaling \$31,219.94.
- f. Capstone - fees totaling \$335,823.00 and costs totaling \$2,808.92.
- g. Casner - fees totaling \$149,874.00 and expenses totaling \$44,228.87.
- h. CIBC - fees totaling \$75,000.00 and costs totaling \$477.63.
- i. Duane Morris - fees totaling \$51,287.00 and costs totaling \$2,277.70.
- j. Ferry Joseph - fees totaling \$71,624.00 and costs totaling \$8,222.53.
- k. Foley Hoag - fees totaling \$82,934.50 and costs totaling \$412.63.
- l. HRA - fees totaling \$9,505.00 and costs totaling \$0.00.
- m. Hilsoft - fees totaling \$20,571.25 and costs totaling \$269.06.
- n. Klett Rooney - fees totaling \$62,973.50 and costs totaling \$639.67.
- o. Kramer Levin - fees totaling \$75,544.50 and costs totaling \$2,953.30.
- p. LAS - fees totaling \$39,142.50 and costs totaling \$0.00.
- q. Nelson Mullins - fees totaling \$14,137.50 and costs totaling \$77.81.
- r. Official Comm. of Asbestos Prop. Damage - costs totaling \$1,479.12.
- s. Pachulski - fees totaling \$124,109.00 and costs totaling \$190,883.70.

- t. PG&S - fees totaling \$23,140.50 and costs totaling \$153.38.
- u. Protiviti - fees totaling \$78,886.00 and costs totaling \$8,657.24.
- v. PwC - fees totaling \$825,069.35 and costs totaling \$58,171.30.
- w. Reed Smith - fees totaling \$306,678.00 and costs totaling \$14,008.71.
- x. Steptoe - fees totaling \$13,141.00 and costs totaling \$102.09.
- y. Tersigni - fees totaling \$274,706.00 and costs totaling \$597.51.
- z. Towers Perrin - fees totaling \$12,740.50 and costs totaling \$2,246.00.
- aa. Woodcock - fees totaling \$66,606.50 and costs totaling \$3,330.63.

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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 25th day of May, 2006.



Warren H. Smith

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